

Central Intelligence Agency

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DIRECTORATE OF INTELLIGENCE

8 August 1985

The Indo-US Defense Relationship

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Summary

We believe India is genuinely interested in widening its defense relationship with the United States as part of its expanding arms diversification efforts. For New Delhi, the emphasis will be on the acquisition of specific subsystems and the transfer of technology through licensed production rather than the purchase of major combat systems. New Delhi wants to gain access to US military technology, to build leverage with other suppliers and, possibly, to complicate US-Pakistani defense ties.

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What New Delhi Wants From the US

Rajiv Gandhi has publicly stated that India will ask first for subsystems and production technology. He views negotiations on these items as confidence-building exercises and tests of US sincerity.

- The Indians have asked for advanced night vision devices, self-propelled artillery turrets, extended range artillery ammunition, jet engines, fast computers, and communications systems--some of it state-of-the-art technology now being adopted by US forces or exported only to NATO allies. New Delhi will probably accept some refusals, but will look for an improvement in the speed with which its requests are processed.
- Sales of major end-items such as fighter aircraft, helicopters, and missiles, will only develop once New Delhi is convinced of US reliability. In any case, prospects for such sales are slim because India's defense modernization programs, which are based on Soviet and West European arms, are well underway.

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Motivations

New Delhi wants advanced US military technology. Indian military officials have [] that they believe US military technology is superior to that available from the Soviet Union. Gandhi may believe that the Indian military should rely less on massive infusions of Soviet aid and more on imports of Western, particularly US, technology.

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- The Indians have selected their Light Combat Aircraft (LCA) as a key test of US willingness to aid Indian defense industries. They are portraying the LCA, scheduled to fly in 1989, as the last hope for India's aeronautics industry, which has had a poor record in designing jet aircraft. They have given a high priority to US jet engines, composite materials, and avionics.

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India also wants to reduce its dependence on Soviet arms and gain some leverage with Moscow and Western European suppliers. In this sense, recent high level defense contacts with the US have served to:

- Point out to the Soviets that New Delhi can go elsewhere for sophisticated defense equipment. Moscow has been dragging its heels on the MIG-29 deal and reportedly has turned back Indian requests for AWACS.

-- Send the same message to Western Europe, particularly to France and to the UK, which are expected to compete with the US for India's hard currency arms purchases, including work on the LCA. [REDACTED]

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New Delhi may also calculate that Indian interest in US weapons will complicate the Pak-US arms relationship. The Indians have timed their US arms purchase initiative to coincide with US-Pakistani negotiations over the new multiyear military aid agreement. Although the Indians, in our judgment, do not believe they can substantially modify the level of US military aid to Islamabad, we believe they are aware that US attempts to balance arms sales to Turkey and Greece and to Egypt and Israel have repeatedly led to public and Congressional calls for restraining sales to both sides. New Delhi may eventually hope to provoke a similar debate in the US. [REDACTED]

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What Washington Can Expect

Arms sales negotiations with the Indians probably will be protracted, in part, because of India's decentralized procurement system. Indian military services often negotiate with potential suppliers often long before the government finally gives approval for a firm contract. India's seven year-old search for 155mm artillery systems is a case in point. The Indians have also traditionally been hard bargainers, often asking for ridiculously low prices.

-- [REDACTED] will be how quickly the Indians conclude agreements with US manufacturers once they have a firm indication of Washington's willingness to approve export licenses. [REDACTED]

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